

Message Text

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ORIGIN EA-09

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OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NSCE-00

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APPROVED BY EA - LESTER E. EDMOND

EA/IMS - MR. INGRAHAM

EB/TT/MA - MR. BANK

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

INFO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 188414

E.O. 11652: GDS

TAGS: ENGR, ID, JA

SUBJECT: INDONESIA-JAPANESE LNG TRANSPORTATION

REF: A. JAKARTA 9909; B. STATE 187414; C. TOKYO 11440

1. ON MORNING JULY 29 EDMOND BRIEFED ADIWOSO ON APPROACHES IN TOKYO AND JAKARTA. ADIWOSO STATED IN PREPARATION FOR CALL, HE HAD PHONED CHIEF INDONESIAN NEGOTIATOR WIJARSO WHO STATED SITUATION WAS STILL CRITICAL AND THAT HIS INSTRUCTIONS FROM JAKARTA CALLED FOR HIM TO CANCEL BURMAH TANKER CONTRACT BY JULY 31 IF SATISFACTORY ARRANGEMENT COULD NOT BE DEVELOPED.

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2. WIJARSO REPORTEDLY STATED TWO QUESTIONS STILL OUT-
STANDING. INDONESIANS STILL NOT ABSOLUTELY SURE THAT
VESSEL FOR INTERIM PERIOD WOULD BE AVAILABLE DESPITE
BURMAH TANKERS' REPORTED ASSURANCES AND SECONDLY, INDONE-
SIANS AND JAPANESE SEEKING REDUCTION IN FREIGHT RATES.
EDMOND REPORTED THIS TO LEWIS OF GENERAL DYNAMICS AND
URGED COMPANY TO BE AS FORTHCOMING AS POSSIBLE ON TWO
POINTS RAISED. LATTER STATED HE WOULD IMMEDIATELY DISCUSS
WITH WILSON, CHIEF NEGOTIATOR FOR BURMAH TANKERS.

3. EDMOND NOTED TO ADIWOSO THAT AMBASSADOR NEWSOM WOULD
NOT BE ABLE TO SEE HARYONO UNTIL JULY 30 OR 31. UNDER

CIRCUMSTANCES EDMOND SAID HE HOPED THAT WIJARSO WOULD AT
MINIMUM SEEK NEW INSTRUCTIONS FROM HARYONO BEFORE TAKING
ULTIMATE STEP OF CANCELING CONTRACT IF SATISFACTORY
ARRANGEMENT NOT REACHED WITH BURMAH/GENERAL DYNAMICS
BEFORE JULY 31. WE NOTE WITH SOME CONCERN STATEMENT OF
MITI OFFICIAL IN TOKYO'S 11440 THAT JULY 31 DEADLINE
FIRM AND THAT PERTAMINA HAD AGREED TO DEADLINE AS
CONDITION FOR COST OVERRUN LOAN.

4. AFTER ADIWOSO REPORTED CONVERSATION HE HAD WITH
EDMOND TO WIJARSO, LATTER SENT MESSAGE TO EDMOND THROUGH
GEORGE BENSON TO SAY THAT HIS INSTRUCTIONS "AUTHORIZED"
HIM TO CANCEL CONTRACT AS LAST RESORT BUT DID NOT REQUIRE
HIM TO DO SO. CLEARLY WIJARSO DOES NOT WISH HIS NEGOTIA-
TING AUTHORITY TO BE LIMITED AND WE WISH TO DO NOTHING TO
OFFEND HIM. PERHAPS BEST WE SHOULD TRY TO ACHIEVE IS
EXPRESSION OF INTEREST ON PART OF PERTAMINA AND GOI TO
CONTINUE CONTRACTUAL RELATIONSHIP WITH BURMAH TANKER AND
GENERAL DYNAMICS. IN THIS CONNECTION DO YOU BELIEVE
APPOINTMENT WITH SADLI WOULD BE HELPFUL?

5. IN SECOND CONVERSATION BENSON CALLED TO REPORT IN
STRICTEST CONFIDENCE, AUTHORIZED BY WIJARSO, THAT RACHMAT
SALEH (GOVERNOR OF BANK INDONESIA, THE CENTRAL BANK) HAD
ASSURED COL. SUDARNO (WHO HEADS A PERTAMINA PURCHASING
TEAM IN TOKYO AWAITING FIRST RELEASE OF FUNDS UNDER
JAPANESE COST OVERRUN LOAN) THAT BANK INDONESIA WOULD
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MAKE AVAILABLE TO PERTAMINA THE 65 MILLION DOLS. WHICH
COL. SUDARNO HAS BEEN EXPECTING TO RECEIVE FROM JAPANESE
FOR PURCHASES SCHEDULED IN AUGUST. HOPEFULLY, THIS WILL
GIVE WIJARSO ABOUT A MONTH'S BREATHING SPACE IN WHICH TO
COME UP WITH MORE OF ASSURANCES JAPANESE ARE LOOKING FOR.
INDONESIANS PLAN LEAVING NEW YORK JULY 30 OR 31, HOWEVER.
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